

SECTION 5 PURCHASING ADDITIONAL SERVICE

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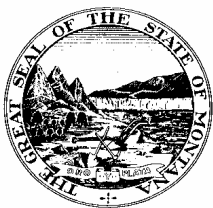
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VETERANS CALLED TO ACTIVE DUTY

Members of the TRS called to active duty and reinstated to a position eligible for membership under the TRS have specific rights under the Uniformed Services Employment and Reemployment Rights Acts of 1994. These TRS members may also be eligible to purchase any lost service credit in the TRS. Upon their return to the TRS covered position the member must contact the TRS to request the cost to purchase military leave service to be used in the calculation of retirement benefits. The employer will be asked to verify the member's employment status.

VERIFICATION OF SUBSTITUTE TEACHING OR TEACHERS' AIDE SERVICE

A substitute teacher or teachers' aide may purchase days that were not reported when the service was performed and receive credit for this service. To be eligible to qualify this service, they must be an active, contributing member or a vested member of the TRS. The employer must verify the days worked and gross wages earned, by fiscal year, on the 'Verification of Substitute Teaching or Teachers' Aide Service' form, or in another written format providing the same required information.



MONTANA TEACHERS' RETIREMENT SYSTEM

1500 E 6TH AVE
PO BOX 200139
HELENA MT 59620-0139
(406) 444-3134

TRS Office Use Only

VERIFICATION OF SUBSTITUTE TEACHING OR TEACHERS' AIDE SERVICE

(PLEASE TYPE OR PRINT LEGIBLY IN DARK INK.)

Part I – To Be Completed By Member

Member's Information:

Joan P Doe

(Name)

01-01-48

(Date of Birth)

1 1 1

1 1

1 1 1 1

(Social Security Number)

1111 S Freedom Way

(Home Mailing Address)

Helena MT 59601

(City, State & Zip Code)

(406) 111-2222

(Area Code & Telephone Number)

Smith

(Maiden Name)

Joan P Doe

11-10-04

(Signature)

(Date)

Part II – To Be Completed By Certifying Official

The information below must be secured from each school district in which the member worked.

Term of Service During Each Fiscal Year (Fiscal Year - July 1 to June 30)				Total Days or Hours Worked	Daily or Hourly Rate of Pay	Gross Salary Earned
From		To				
Month	Year	Month	Year			
August	1984	June	1985	20	\$40.00	\$800.00
August	1985	June	1986	10	\$45.00	\$450.00
August	1986	June	1987	20	\$45.00	\$900.00

If more space is needed for verification, please attach an additional sheet.

Signature of Certifying Official	Date	Printed Name and Title of Certifying Official
Jane Q Public	11-4-04	Jane Q. Public – Payroll Clerk
Name of Employing Agency (School, District, College, etc)		Employing Agency Mailing Address
Helena Public Schools		55 S Rodney
Employing Agency Area Code & Telephone Number		City, State, & Zip Code
(406) 324-2000		Helena MT 59604

NOTE: After completing this form, please return it to the Montana Teachers' Retirement System at the above address.

MODEL RESOLUTION

Each TRS employer has the option of making available to their TRS members the opportunity to purchase service credit through payroll deduction with tax-deferred contributions. Before any member would be eligible to purchase service with tax-deferred dollars, the employer must adopt a 'Model Resolution' that has been approved by the IRS. On the date that the resolution is effective, all additional payroll deductions previously being withheld and reported to the TRS must terminate. Each TRS member wishing to purchase service with tax-deferred dollars must request a 'Service Purchase – Irrevocable Election Form' from the TRS and return the signed 'Service Purchase – Irrevocable Election Form' to your business office. Your business office must sign the election form and return the original 'Service Purchase – Irrevocable Election Form' to the TRS.

Once a TRS employer has adopted the 'Model Resolution', a TRS member may no longer purchase service via payroll deduction with taxed dollars. A TRS member who does not execute the "Service Purchase – Irrevocable Election Form" (to purchase service with tax-deferred dollars), may purchase additional service only by personal check.

A TRS employer may only report **one** type of additional contributions on the monthly report, taxed or tax-deferred contributions (with an adopted 'Model Resolution'). Please visit the TRS web site at <http://www.trs.mt.gov> to obtain a copy of the 'Model Resolution' and a complete copy of instructions. If you have questions regarding this process, please contact the TRS at (406) 444-3324 or (406) 444-4113.

MODEL RESOLUTION

Resolution #1 of the Board of Trustees
of Helena School District #1 .

Whereas, Helena School District #1 is an employer whose employees participate in the Montana Teachers' Retirement System ("TRS") pursuant to §19-20-101, MCA (hereinafter referred to as the "Employer"),

Whereas, the Board of Trustees of the employer (hereinafter referred to as the "Governing Body") has determined that it would be in the best interest of its employees to provide a pick-up of employee contributions under Section 414(h)(2) of the Internal Revenue Code of 1986 for contributions that are made for the purpose of purchasing service credit under §19-20-401, MCA et seq. and/or redepositing amounts withdrawn under §19-20-602(2), MCA;

Whereas, under §19-20-415, MCA, in order to effectuate this pick-up, the Governing Body must adopt a resolution to pick up the member's contributions made pursuant to a binding, irrevocable payroll deduction authorization; and

Whereas, the contributions picked up by the Employer must be payable from the same source as is used to pay compensation to the employee;

Now, therefore, be it resolved by the Governing Body of the Employer as follows:

Section 1. That employee contributions made (pursuant to a binding irrevocable payroll deduction authorization to have such contributions picked up) for the purpose of purchasing service under §19-20-401, MCA et seq. and/or redepositing amounts withdrawn under §19-20-602(2), MCA, even though designated as employee contributions for state law purposes, are being paid by the Employer to TRS in lieu of the contributions by the employee.

Section 2. That, if the employee desiring to have contributions picked up executes an irrevocable, binding payroll deduction with respect to these contributions, the employee shall not be entitled to any option of choosing to receive the contributed amounts directly instead of having them paid by the Employer to TRS.

Section 3. That, with respect to any employee's contributions, the effective date of the pick-up by the Employer is the later of:

- (a) The adoption of this resolution; or
- (a) The execution of the payroll deduction authorization form.

This pick up does not apply to any contributions made before the effective date or to any contribution that relates to compensation earned for services before the effective date.

Section 4. That any payroll deduction authorizations in effect as of the effective date of this resolution are void and that an employee who wishes to have payroll deductions made for the purpose of purchasing service or redepositing withdrawn amounts must follow the procedures specified in Section 5 of this resolution.

MODEL RESOLUTION, Cont.

Section 5. That an employee who wishes to redeposit amounts withdrawn under §19-20-602(2), MCA or to purchase service credit under §19-20-401, MCA et seq. shall make the following series of elections with regard to these actions:

- (a) The employee may elect a lump sum payment, a series of installments, or a combination of lump sum payments and installments.
- (b) If a series of installment payments is elected by the employee, he/she may elect to pay the installments directly to TRS or to have the installments payable by payroll deduction; or the employee may select a combination of both.

With respect to installments payable

- (c) by payroll deduction, the employee must execute a binding irrevocable payroll deduction authorization to have these installment contributions picked-up by the participating employer.

Section 6. That contributions made pursuant to Section 5(c) of this resolution are designated as being picked up by the employer and paid from the same source as the payment of salary to these employees.

Section 7. That this resolution takes effect on September 13, 2000.

Adopted this 13th day of July, 2000 by the Governing Body of the Employer.

Signature of Authorized Representative of Employer

Name of Authorized Representative

Title of Authorized Representative

Phone # of School District

Mailing Address of School District

City, State, Zip Code

PURCHASE OF ADDITIONAL SERVICE WITH TAXED DOLLARS

If you, as a TRS employer, have not adopted a 'Model Resolution' any TRS member wishing to have additional contributions withheld for the purpose of purchasing additional service will be responsible for informing your office of the amount of the additional contributions to be withheld. The TRS member should also contact you when they no longer wish to have the additional contributions withheld. Verification that a service purchase has been completed is provided to your business office by the TRS.

REPORTING ADDITIONAL CONTRIBUTIONS – WITH TAXED DOLLARS

Each TRS employer that has **not** adopted a 'Model Resolution' will remit additional contributions to the TRS on an after-tax basis.

On your monthly report to the TRS, list the additional contributions withheld under the 'Add'l Contribution' column. In the event that an overpayment of post-taxed additional contributions occurs, any overpaid amount will be returned directly to the TRS member.

If you have questions regarding the reporting of additional contributions, please contact the TRS at (406) 444-3324 or (406) 444-4113.

PURCHASE OF ADDITIONAL SERVICE WITH TAX-DEFERRED DOLLARS

Once a TRS employer has adopted the 'Model Resolution' a member may purchase service with tax-deferred contributions. To initiate the service purchase process the TRS member must request a 'Service Purchase – Irrevocable Election Form' from the TRS office. The 'Service Purchase – Irrevocable Election Form' indicates the balance due to complete the purchase of a particular type of service, the various options of the number of months available for deduction with the amount to be deducted tax-deferred, and the effective date of that tax-deferred deduction.

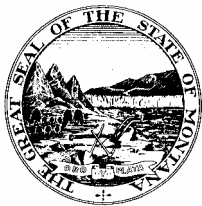
The TRS member must initial a payment election, sign and date the 'Service Purchase – Irrevocable Election Form' and return the properly completed form to your business office. It is the employer's responsibility to forward the properly completed 'Service Purchase – Irrevocable Election Form' to the TRS office and begin the correct withholding of the payment amount selected by the member as of the effective date contained on the agreement. If the payment(s) remitted to the TRS are not in accordance with the provisions of the 'Service Purchase – Irrevocable Election Form', the 'Service Purchase – Irrevocable Election Form' is invalid. Any additional contribution(s) remitted in error will be returned to the employer for distribution of the payment(s) to the member.

REPORTING ADDITIONAL CONTRIBUTIONS WITH TAX DEFERRED DOLLARS

Each TRS employer that has adopted a 'Model Resolution' will remit additional contributions to the TRS on a tax-deferred basis.

On the monthly report to the TRS, list the additional contributions withheld, per the 'Service Purchase – Irrevocable Election Form' under the "Add'l Contribution" column. **Do not** include any termination pay contributions that may have been withheld. (Refer to Section 6)

In the event that an overpayment of tax-deferred contributions occurs, any overpaid contributions will be returned to the employer for reimbursement to the employee. Due to the fact that the contributions were remitted to the TRS as tax-deferred, Federal and Montana State taxes **must** be withheld and reported on the TRS employee's behalf.



MONTANA TEACHERS' RETIREMENT SYSTEM
1500 East Sixth Avenue PO Box 200139
Helena MT 59620-0139
(406) 444-3134

MEMORANDUM

TO: Joan P Doe
SSN #: 111-11-1111
ER #: 250011

FROM: Janet Cooper
Benefit's Officer

DATE: December 8, 2004

RE: SERVICE PURCHASE - IRREVOCABLE ELECTION FORM

A Montana Teachers' Retirement System (TRS) member, pursuant to 19-20-602(2) MCA, and 19-20-401 et seq MCA, is permitted to redeposit member contributions previously withdrawn and/or elect to purchase additional service credit through additional contributions to the retirement system. Any additional amounts due may generally be paid by the member directly to the retirement system, or the member may request, and the employer may permit, reductions through payroll.

I understand that pursuant to Section 19-20-415 MCA, my employer has adopted a resolution under the "pick-up" tax deferral provisions of the Internal Revenue Code Section 414(h)(2). The tax deferral of my additional contributions due the retirement system requires completion of the irrevocable payroll reduction authorization. (The "pick-up" of additional contributions means the employer will withhold the authorized amount from my gross wages, as tax deferred.)

With respect to this payroll reduction, I understand the following:

- This is an irrevocable reduction authorization.
- The minimum duration of the authorization is three (3) months; the maximum duration is 60 months.
- Contributions picked up by the Employer pursuant to this payroll reduction may adversely affect the maximum I am eligible to contribute to a 403(b) Tax Sheltered Annuity.
- If I am eligible for a 457 deferred compensation plan with my employer, contributions picked up by my employer may adversely affect the maximum I am eligible to contribute to a 457 plan.
- After the execution of this irrevocable reduction authorization, I do not have the option of receiving the reduction amounts directly instead of having them paid by my Employer to TRS.
- These contributions are being picked up by my Employer; and, as a result, although designated as employee contributions, they are being paid directly to TRS in lieu of contributions by me.
- While this agreement is in effect, I understand that (with respect to the redeposit or the specific type of additional service credit being purchased by the contributions designated herein) TRS will only accept payment from my Employer and not directly from me.

- If I terminate employment with my Employer or die prior to completion of the installment payments, this binding, irrevocable payroll reduction authorization shall expire and TRS shall pro-rate the service purchase, subject to the following:
 - In the case of termination, I may make a lump-sum contribution for the balance of the service subject to the limitations of Section 415 of the Internal Revenue Code of 1986.
 - In the case of a death, the payment of the balance may be made by my spouse or from my estate within 60 days of the date of death subject to the limitations of Code Section 415.
- The payroll reduction authorization is not effective until signed by me and an authorized representative of my Employer. The pick-up is only applicable to contributions to the extent the compensation which is reduced for the contribution is limited to compensation earned for services after the effective date of the pick-up.

As of February 2005, it is estimated that your balance will be \$5,045.43. The following table provides the payment options available assuming payments over 12 months per fiscal year. If your employer does not remit contributions on a 12 month basis, or if contributions are not remitted timely, a final adjustment may be necessary to increase or decrease the amount due or to recalculate the amount of service purchased. You must initial one payment option.

NUMBER OF MONTHS	MONTHLY PAYMENT	INITIAL ONE
12	\$433.08	
24	\$222.48	
36	\$152.35	
48	\$117.34	
60	\$96.37	

I hereby agree to enter into a binding, irrevocable contract directing my Employer to make the reduction, as initialed above, from my salary per month for the purpose of purchasing 1.00 years of leave time service as provided under Section 19-20-403 MCA. This reduction is effective January 1, 2005. The terms of this contract may be modified by the Teachers' Retirement System, to make any adjustment deemed necessary to properly complete the purchase of this service.

SIGNATURES

Jean P. Doe

Employee's Signature 111-11-1111 Social Security Number 12-8-2005 Date

1111 Freedom Way Helena MT 59601

Employee's Mailing Address, City, State, and ZIP

Authorized Representative

Signature of Authorized Representative of Employer 250011 TRS Employer Number 12-8-2004 Date

Authorized Representative

Name of Authorized Representative (Print or Type)

Business Officer

Title of Authorized Representative

55 S Rodney Street, Helena MT 59604

Employer's Mailing Address, City, State, and ZIP

(406) 324-2000

Phone Number of Employer

Distribution: The employer must send the Original "Service Purchase - Irrevocable Election Form" to TRS
 Photocopy Retained by Employer
 Photocopy Retained by Employee